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# Outsourcing and Communications, the Role of Stakeholder Analysis - A Case Study in Practice

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**ABSTRACT**

Through the lens of a outsourced global telecommunications network transformation project we examine how informal and ad-hoc communications led to misinterpretation of project objectives causing confusion, resistance, and a lack of co-operation between the Clients and the Outsourcing Provider producing project delays. We explore how the implementation of a Stakeholder Analysis served to resolve the problems being experienced. Identification and validation of the audience enabled future messages to be composed and disseminated with more cultural empathy that proved key to reducing the barriers experienced. Identification of the need for different communication channels and mechanisms increased visibility that resolved the former confusion and mis-interpretation issues. Thus, we evidenced the facilitation of a structured approach to project communications, increased support of the audience, and identification of the differing and diverse information needs achieved significant improvement in the project progress. Finally we put forward some real benefits that were realized to inform future practice of implementing successful communications in outsourced global projects.

**KEYWORDS**

Communications, Cultural Issues, Outsourcing, Stakeholder Analysis

## INTRODUCTION

Globalization has caused stateless organizations, internationalization of production and services and hence world markets and a consequent move towards integration of labour forces. Literature suggests that outsourcing is a logical consequence of globalization that has been driven by the easiness for organizations to communicate globally (Bergkvist and Fredriksson, 2004). It is acknowledged that communications between the parties involved has a significant part to play in outsourced partnerships. Kannan (2007) observes that communication is the single most primary determinant of success in outsourcing. Frank Casale, (CEO of Outsourcing Institute) maintains that a *lack of communications* is one of the biggest errors. A seminal study by Curtis, Krasner and Iscoc, (1988) presents overwhelming evidence that strongly supports the view that effective communications is crucial in project environments. Literature presents a number of studies that classify problematic communications as a cause of project failure (Al-Rawas and Easterbrook, 1996; Coughlan and Macredie, 2002). Failure to define the mission sufficiently or to communicate the vision and strategy across stakeholder groups reduces overall understanding of, and commitment to the project causing problems. The literature also emphasizes that communication can be used to reduce misunderstanding and help reduce resistance to change (Kotter and Cohen, 2002).

The case study focuses on a network transformation project facilitated by a large Global Telecommunications Company (Company A) on behalf of the Client – a Global Financial Institution (Company B). Over 150 networks were to be transformed (i.e. updated) across three major regions Europe, Middle East and Africa (EMEA), Central America (AMERICAS) and Asia-Pacific (APAC). The project had no formal communications strategy and has encountered significant resistance to change. The recent history of informal and ad-hoc communications, although intended to be informative, had caused confusion and misinterpretation of the project objectives by Company B generating a lack of co-operation. The level of confusion meant that the Company B developed a poor perception of the project causing them to react negatively with

Company A, and this had a detrimental effect on project progress. Whilst this paper focuses on how communications issues impacted negatively on the outsourcing partnership, the level of communication that is explored here relates specifically to the effectiveness of project communications during the network transformation project between Company A (the project delivery teams) and the client, Company B.

A Stakeholder Analysis was conducted to identify the stakeholder groups and their information and communication needs across the global environment in an effort to significantly improve project communications between Company A and Company B. We look at how the implementation of the Stakeholder Analysis, by one of the researchers working in situ, facilitated a structured approach to project communications, and how by validating the audience and identifying the differing and diverse information and communication needs it served to resolve the confusion and misinterpretation issues. We identify some real benefits that were realized to inform future practice of network transformation projects.

The paper is structured as follows. Next we present the theoretical background, explain the context of the case study and describe the research approach, followed by analysis of the data collected, presentation of the conclusions drawn, and finally we put forward some real benefits that were experienced.

## THEORETICAL SETTING

Literature offers a number of interpretations of outsourcing dependent on the influencing factor and subjective rationale of the decision to outsource and/or a projects specific features. For example outsourcing is the strategic use of external resources to perform one or more organizational activities to streamline and integrate processes, and reduce operational costs (Drezner, 2004; Dibbern, Goles, Hirschheim and Jayatilaka, 2004). Blumenberg, Wagner and Beimborn (2009) put forward Willcocks and Kern's (1998) definition of IT outsourcing '*the handing over to a third party management of IT/IS assets, resources and/or activities for required results'* (p342). Bergkvist and Fredriksson (2004) propose three interpretations, amongst others that overlap each other, of the term 'outsourcing'. Firstly the view that outsourcing is the contracting of ISD activities by the Client with an IT-supplier regardless of the supplier location (Kliem, 2004; Gonzales, Gasci and Llopis, 2006), secondly, the situation of contracting of ISD activities with a domestic IT supplier (Hirschheim and Lacity, 2000; Khan and Fitzgerald, 2004), and thirdly, the belief that assets and services are managed for financial returns over an agreed period of time (Willcocks, Fitzgerald and Lacity, 1996; Kern and Willcocks, 2002). Goles and Chin (2005) propose a define an outsourcing relationship as an ongoing association between the outsourcing vendor and customer involving '*a contractual agreement to provide one or more comprehensive IS activities, processes or services with the understanding that the benefits attained by each firm are at least in part dependent on the other.*' (p49). The majority of extant literature emphasizes the importance of applying the outsourcing relationship perspective on IT outsourcing (Lacity and Willcocks, 2000). Transformational outsourcing is a specific type of outsourcing. It involves *'outsourcing ongoing services that are critical to the performance of the business…to achieve a rapid, sustainable step-change improvement in enterprise level performance'* (Linder, 2004, p55).

IT outsourcing continues to challenge organizations despite reported success rates and the move towards outsourcing some or all of a businesses services is accelerating (Benedon, 2000; Koh, Ang, and Straub, 2004). However, the issue to outsource is not a transitory phenomenon. It encompasses areas such as business analysis, systems planning, project management, systems and network infrastructures, and network transformation and implementation (Dibbern et al., 2004). Johnson, Abader, Brey and Stander (2008) support extant literature that the most influential factor in the outsourcing decision is cost savings, the second is the decision to retain and focus on core functions in-house and outsource lesser business functions, and the third most influential factor is the lack of relevant in-house expertise (Costa, 2001; Fink and Shoeib, 2003; Lacity and Willcocks, 2001).

Kaplan (2003) suggests that since ADP and EDS started the outsourcing business in the 1970s organizations have been outsourcing various aspects of their businesses and continues to expand, IT outsourcing reaching $274bn in 2006, and business process outsourcing reaching $500bn. However the Outsourcing Institute traces the emergence of outsourcing back to 1989 to the landmark outsourcing contract signed by Eastman Kodak Company that revolutionized the way outsourcing had been used previously. They suggest that inexperience in managing outsourcing relationships may explain many of the early failures. Managing outsourced relationships differs significantly from managing relationships with internal staff, different skills are needed. Relationships with outsourcers mean that people tend to work along each other rather than together and may not possess the necessary collaborative and communications skills creating delays. People need easy access to each other for effective knowledge sharing. On the one hand knowledge is transferred from the provider to the outsourcer (technology-specific), whilst on the other from the outsourcer to the provider (business-specific).This proves difficult if done remotely (Blumenberg et al., 2009; Membrado, 2009). Thus, the Outsourcing Institute concludes that communications, collaboration and knowledge sharing are key to successful management of outsourced relationships.

Consequently we need to understand outsourcing relationships. Brunelli (2004) suggests that outsourcing relationships come in three forms, firstly a utility relationship refers to a situation that is highly transactional where a supplier handles a small amount of work for a short time, secondly it defines a supplier assisting in the addition of new capacity to existing infrastructure, and thirdly a transformational relationship describes a true partnership that enables a complete change in the way the customer conducts its business and this would involve change management. In this situation it is necessary to involve the people concerned utilizing a clear communications strategy.

### Outsourcing and Communications

Kannan (2007) maintains that communication is the single most primary determinant of success in outsourcing. Failure to define the mission sufficiently or to communicate the vision and strategy across stakeholder groups reduces overall understanding of, and commitment to the project resulting in problems (Kotter and Cohen, 2002). Hsu and Wu (2006) put forward the style of communications between the outsourcer and the contractor as one of six organizational characteristics that significantly influence perceptions of IS outsourcing performance. Frank Casale, (CEO of Outsourcing Institute) also supports this view and advises that the *lack of communications* is one of the biggest errors. However the effectiveness of communications by its very nature varies due to the homogeneity and diversity of people and their behaviour. Thus, people are highly variable and experience difficulty in behaving consistency over time. People communicate best in real time, face-to-face (Cockburn, 2002). This may explain how communications can go wrong in outsourced projects, the different time zones may mean that people are not always able to meet.

People communicate more effectively if they are physically close to each other. People communicate with gestures and tonal changes that are not apparent in documents or over the telephone. Also patterns of speech in terms of where people interrupt, respond to each others questions and proffer explanations is not possible in non-verbal communications (Kannan, 2007). Fuchs (2007) suggests six elements that may overcome obstacles to communications: established channels, predictable messages (timely and understandable), interactive communications so that recipients can absorb the message, being proactive, promoting a united front to create team spirit, and diversity that is visible so that cultural differences are acknowledged. He maintains that cultural differences are often blamed for contributing to failure whereas in reality a lack of communications means that as key players are not in control they are unable to direct the project towards a successful outcome. Thus where outsourcing involves cross-cultural scenarios it is important to create a common understanding generated through interactive and collaborative communications that are specifically relevant to the sharing of tactic knowledge to reduce misunderstanding and conflict. Additionally, crucial information may not be communicated and the receiver may not be '*qualified*' to become the receiver or communicator due to a lack of due diligence (Dibon, 2009). In agreement with the analysis discussed above Fuchs (2007) concludes that communication is a key factor in delivering successful outsourcing results. A Stakeholder Analysis is a technique aimed at improving communications through the identification of roles and requirements of those involved to minimize existing or potential communication problems.

### Stakeholder Analysis

Kakabadse, Bank and Vinnicombe (2005) recognize a direct link between effective communication and peoples' perception of their working roles and responsibilities, the quality of their decisions and ultimately their job performance. The premise is that if people have effective information and are able to do their job to their satisfaction then this is likely to have a positive effect on their mood, and thus influence their performance and their perception of a given situation (Fitzherbert, 1994). This would seem to indicate that in such an environment communication might have a higher chance of being effective; recipients might be more willing to listen to the message.

A Stakeholder Analysis is recognized as the first step towards driving the development of a communications strategy (Balogun and Hailey, 2004; PMBOK, 2008). The aim is to reduce and remove communication barriers in order to enable more effective contact and assess the positions and needs of the relevant stakeholders (Armstrong, 2008; Kochan and Rubinstein, 2000). The main purpose of the Stakeholder Analysis is firstly to identify *who* needs information (i.e. the stakeholders), then *what* information they need, *when* they need it and the *format* in which it should be presented. This would facilitate a structured approach to project communications with the aim of resolving any existing communications issues (Armstrong, 2008). Literature puts forward a number of stakeholder analysis approaches. For example, mapping stakeholders according to their influence on organizational objectives (Mitchell, Agle and Wood, 1997), categorization of stakeholder by roles (Kochan and Rubinstein, 2000) and placing emphasis on stakeholder identification and the level of support needed (Turner, Kristoffer and Thurloway, 2002).

We employed elements of all three approaches in the Stakeholder Analysis conducted across the diversity and spread of the stakeholder community in the case study scenario. The aim was to help clarify the information and communication needs of the stakeholders involved. For example who required what information and whether their interest required them to be a reviewer, an approver, to be consulted or informed. Importantly understanding a global audience is central from a cultural perspective. For example in high power distance countries (e.g. most agrarian countries) bypassing a superior is viewed as insubordination, whereas in lower power distance countries (e.g. US, Northern European) this is less of an issue (Kakabadse et al., 2005).

The aim of this research paper is to investigate and understand how the lack of a communications strategy significantly hampered an outsourced global transformation project. The principle risk identified was the poor management of communications across the global locations involving a number of countries across different continents. The primary research objective was thus, to examine the success of the implementation of a Stakeholder Analysis across the global loci. Therefore, we ask *'how validating the audience through the Stakeholder Analysis reduced the communication and cultural issues'*. In this way we aim to present a real world perspective on management of an outsourced global relationship to inform current and future practice.

## CASE STUDY CONTEXT

As previously mentioned the case study is concerned with the outsourcing of a network transformation project by Company A on behalf of the Client (Company B). After a successful bid by Company A their mission was to transform the legacy WANs (wide area networks) to faster more efficient mechanisms used in high-performance telecommunication networks to direct and carry data from one network node to the next involving three major regions EMEA, AMERICAS and APAC. Due to the request for anonymity by the parties involved it is not possible at this time to expand further on the details of the case study. However we are able to inform that it is anticipated that Company A will continue to manage and operate the ongoing outsourced services, currently there is no third party involvement.

A dedicated core project team of 20 people representing both companies was created for the collaborative development venture that evolved in line with development needs. Thus, it was anticipated that UK representatives, regional managers from each of the three regions and relevant project workers would collaborate as need dictated. The delivery teams (Company A) were charged with visiting the various clients' locations to arrange site surveys, identify requirements, place equipment orders and schedule work necessary to progress through the delivery lifecycle, and then development would be conducted remotely (off site). Some 10 networks have already been transformed due to necessity but the project had no current formal communications strategy and has encountered significant resistance to change. Observations evidence that only a limited level of cooperation was given to the delivery teams visiting the site locations at Company B.

The project is in the early stages of the development lifecycle. Investigation into the lack of communications strategy has proved fruitless and no explanation has been forthcoming from those involved. However the researchers established that no formal communications strategy or plan existed. We evidenced that communications between the delivery teams of Company A and their contacts in Company B consisted of a system of ad-hoc emails supported by reports and company articles. Thus communications were vague and fragmented with little transparency that has led to some defensive positioning by participants in Company B. The lack of clarity about what was happening resulted in a lack of cooperation, confusion over peoples' roles and responsibilities and a general lack of understanding and awareness of the project. Therefore a Project Coordination Officer (one of the researchers) was appointed to facilitate communications across the 150 sites reporting to the programme manager. A Stakeholder Analysis was conducted in situ that is discussed later in the paper.

In order to minimize some of the problems that might be encountered in a global project Company B has agreed that English will be the main communication language and endorsed that regional representatives, with whom Company A needs to work closely, will be fluent in English, thus any language barriers would be greatly reduced.

## RESEARCH APPROACH

This research study utilized a qualitative approach involving an interpretative case study and action research (Yin, 2009; Saunders, Lewis and Thornhill, 2007). The research strategy aligns closely to the action research approach because one of the researchers is already part of the organization within which the research and change process are taking place (Coghlan and Brannick, 2005). Action research is particularly useful in answering 'how' questions, starting with an analysis of the social situation or identification of a problem that is then followed by some intervention or change implementation (Saunders et al., 2007). However, it is recognized that such findings might suffer from bias imposed by the researcher's interpretation of observations and familiarization of the project arena of Company A, thus rigorous triangulation was applied to counter any such effects.

### Data Collection

Data collection involved both secondary and primary activities. Secondary data was collected through academic books, journals and project documentation to explore and analyze the current theories relevant to the research case study. Where appropriate the case study analysis aims to explore the viability of some of the theories reviewed in the literature. This will enable a degree of reflexivity such that the case study findings will add to the body of existing knowledge.

Data collection involved observations, interviews and questionnaires aimed at investigating the key communication problems being experienced and their extent across the global project. Preliminary analysis aimed at identifying the main problems behind the lack of awareness of the project and individual roles, the perceived effectiveness of the current communications and the lack of cooperation being experienced. Secondary analysis involved a Stakeholder Analysis to identify the different groups of stakeholders, provide greater clarity of their communication needs, their roles and responsibilities, the level and type of communications required. It was also intended to potentially propose processes and 'products' (meetings, reports and so on) to address the current problems.

### Observations

Initial observations were conducted to identify and analyze stakeholders' behaviour by observing events as they occurred or did not occur in practice in their natural context (Silverman, 1985 cited in Alvesson and Deetz, 2000). The aim was to provide a wide and rich perspective of the issues under investigation. Observations consisted of attendance at both formal and informal meetings relating to project work. This involved observing activities and interaction between the two parties and included the project sponsor, programme manager, regional managers, delivery teams and other participants from both companies.

### Questionnaires

An anonymous and confidential questionnaire was used that was representative of the demographic involved, and distributed to 60 people (i.e. 20 people from each region). A pilot questionnaire was designed and presented to a sample of ten respondents to validate the questions, minimize any ambiguity and ensure that the correct data was being gathered (Bell, 2005; Fink, 2003). Both open and closed questions were used, emphasis applied to the latter as these are perceived easier for a culturally diverse audience to respond to (Oppenheim, 1992). A Likert scale using four choices was used to force the user to make a positive or negative decision against each question.

### Interviews

Semi-structured, informal interviews were conducted with the three project managers (one from each region i.e. APAC, AMERICAS and EMEA) in order to gain insight into the current communication processes with the client. A core set of questions were posed together with specific questions to cover each manager's individual area. A second tranche of interviews involved members of the delivery teams (Company A) to gather in-depth accounts of participants' experiences, knowledge and understanding of what has occurred (Alvesson and Deetz, 2000). All interviews were on a one-to-one basis, approximately 40 minutes and involved open ended questions to facilitate rich and deep data collection. The initial interviews with the regional managers were instrumental in identifying the key people and the hierarchy of responsibilities and lines of authority whilst also providing some indication of the issues being experienced. Follow on interviews with team members of each site such as analysts, technicians, engineers, network architects and customer network managers enabled the researchers to obtain a greater level of detail facilitating the Stakeholder Analysis. Thus, Company A were able to address the problems and focus on resolving them. This is further discussed in the analysis section.

### Triangulation

Triangulation occurred across the research data to ensure rigor of analysis and conclusions drawn, and deal with any unintentional bias. The aim was also to ensure that a cross sample of employees from both companies and across the various regions had been engaged.

## ANALYSIS AND DISCUSSION

The literature reviewed has established that communication is a powerful tool and that messages are only words and are open to interpretation. Analysis is presented firstly through the preliminary analysis that examines the causes behind low levels of awareness and confusion of individual roles; ineffectiveness of project communications and the lack of cooperation. Secondly we present the findings of the Stakeholder Analysis that was aimed at ascertaining and categorizing key

stakeholders, their information and communication needs with a view to identifying real solutions to realize actual benefits to the project.

### Awareness of Project and Individual Roles

Of the 60 questionnaires distributed 25 were returned for analysis. This represents a 42% response rate and constitutes EMEA 40%, AMERICAS 40% and APAC 20%. APAC had a lower response rate than the other regions. This may be because English is less likely to be a first language and it can be classified as a predominantly high context culture. Thus APAC respondents are more likely to rely on their internal working groups, and may be more reluctant to engage with people outside their familiar domain (Armstrong, 2008). Even though English was established as the key language for communication purposes it did not remove the experienced cultural difficulties. Equally, it may reflect a lack of engagement with, or interest in the project due to a perceived ineffectiveness of previous communications.

Significantly 50% of people reported that they were unaware of the project, a further 30% said they were aware of the project name but not sure what the project was about, 18% were moderately aware, the remaining 2% felt they only had some engagement. This confirms the initial perceptions that poor communications had resulted in an acute lack of project awareness, stakeholders were confused and uncertain about what was going on. This clearly identified a real need for further clarity from Company A to stakeholders in Company B and re-enforces the importance to educate and communicate as the first step when facilitating change in organizations (Kotter, Schlesinger and Sathe, 1979).

A noteworthy finding is that *none* of the respondents felt that they played an active role. This is an interesting finding because questionnaire recipients were selected specifically as they were known to be in receipt of project communication emails, yet 80% of reported that they are not familiar with them. Overall only 10% claimed to have been informed via emails and the remaining attribute their awareness to other channels. Thus it would appear that many recipients appear to be ignoring or unwilling to listen to these messages. This clearly illustrates that communications had, at best, only limited effectiveness and at worst no effective value. The direct link between effective communication and peoples' perception of their working roles and responsibilities was missing (Kakabadse et al., 2005; Fitzherbert, 1994).

The delivery team was concerned with the general lack of awareness of the project. When contacting client sites, they were frequently faced with a lack of co-operation and a lack of willingness from site employees (Company B) to take responsibility due to the confusion surrounding individual roles and responsibilities making it difficult to locate the correct contacts. This prevented them from surveying the sites and gathering the data necessary to progress through the delivery lifecycle hindering project progress.

### Effectiveness of Project Communications and Lack of Cooperation

The researchers established that there did not seem to be a lack of communication between stakeholders of Company B and the delivery teams (Company A) which consisted of regular and plentiful emails supported by manager reports and company articles. However, it became apparent that there had been considerable mis-interpretation of the intended meaning of emails such that the message was not being transferred effectively to the correct recipients that ultimately had a negative impact on the project. We identified that only a limited number of recipients were actively engaging with messages, others did not appear to understand the message or its content, and importantly how it applied or impacted them. Interviewees reported that, as a consequence, they adopted their own communication methods ironically causing further inconsistency and increased potential for mis-information to occur and be disseminated to others. We surmise that perhaps the medium of emails was not the best and most effective way to communicate with these stakeholders (Armstrong, 2008).

We identified that of those aware of the project the majority of people who were aware were made aware via colleagues rather than through the email communications. This would seem to support the findings above that any communications facilitated by the delivery team to date were having little impact. Of particular concern is that clients colleagues' knowledge of the project was being transferred via a ripple effect within Company B (e.g. the Chinese whisper analogy). This led to unnecessary 'noise' causing further misinformation and mis-interpretation (Armstrong, 2008) creating a barrier to the effectiveness of communications. An example of this relates to the project objectives. Questionnaire recipients' identified '*improved network speed'* as a project objective when in fact this was not an objective of the project at all. Additionally, there is some evidence to suggest that the negative perceptions of the project and delivery team were being transferred in a similar way which further reduced the willingness of the recipients to cooperate.

### Stakeholder Analysis

The aim of the Stakeholder Analysis was to review those people involved in the project, identify their communication needs, their roles and responsibilities and the level, type and frequency of information required. This was a key driver to facilitate development of a subsequent project communications plan. A précis of the Stakeholder Analysis is set out below in table 1. Once data had been collated and analyzed the researchers sort further feedback from the participants involved to identify and review any perceived improvements.

Six main stakeholder groups were identified along with their key information needs. From analysis of this data it was possible to put forward potential solutions to tackle the current problems, for example processes and 'products' (meetings, reports and so on) against identified needs. Thus a number of actions, methods and mechanisms were implemented that have significantly addressed the communication issues.

The identification of the audience enabled future messages to be composed and disseminated with more cultural empathy (i.e. whether recipient related to a high or low context culture, Kakabadse et al., 2005) that proved to be a key technique for reducing barriers to communication (Armstrong, 2008). Once the correct people had been identified communications were targeted to the appropriate stakeholder groups. Observations and feedback confirm that the cultural problems are beginning to reduce, there is more engagement with the communications, an improved willingness to listen to the messages being disseminated and this has led to less mis-interpretation. It is anticipated this will continue.

| Stakeholder Analysis | | |
|---|---|---|
| **Stakeholder Group** | **Information Needs** | **Products to Address Needs** |
| **Programme Governance** | 1. Progress re: key milestones,<br>2. Identification of risks, issues to progress<br>3. Status of expected outcomes & benefits<br>4. What data is needed in key messages | - account bulletin<br>- project newsletter<br>- up-to-date intranet information<br>- regular stakeholder meetings<br>- regular status reports |
| **Sponsor / Steering Group** | 1. Programme status updates<br>2. Timeline and activities forecasts<br>3. Risks and/or issues notification<br>4. Assurance of benefits<br>5. Project health status | - senior governance meeting<br>- account bulletins<br>- up-to-date intranet information<br>- senior stakeholder slide deck<br>- regular stakeholder meeting<br>- regular status reports |
| **Core Project Team** | 1. Direction on assigned tasks<br>2. Programme status updates<br>3. Timeline and activities forecasts<br>4. Risks and/or issues notification<br>5. Reward recognition and encouragement | - account bulletins<br>- up-to-date intranet information<br>- deployment & migration updates<br>- regular stakeholder meeting<br>- risks and actions log<br>- product review update meetings |
| **Extended Project Team** | 1. Awareness of assistance with changes<br>2. Potential disruptions due to changes etc.<br>3. Periodic updates on progress<br>4. Understanding of objectives & benefits<br>5. Awareness of individual roles | - account bulletins<br>- up-to-date intranet information<br>- regional presentations/progress updates<br>- risks and actions log<br>- technical architecture slide deck<br>- deployment brief |
| **Company B Teams** | 1. Awareness of assistance with changes<br>2. Potential disruptions due to changes etc.<br>3. Data for periodic updates on progress<br>4. Understanding of objectives & benefits<br>5. Awareness of individual roles<br>6. Communications for utilization of new systems, processes and products | - account bulletins<br>- up-to-date intranet information<br>- regional presentations<br>- risks and actions log<br>- technical architecture slide deck<br>- deployment brief & migration updates |
| **Third Party/ Other**<br>(information only - no action required) | 1. Notice of changes that will impact them<br>2. Understanding of objectives & benefits<br>3. Knowledge of real long term benefits<br>4. Explanation how benefits to Company B also benefit the employees | - account bulletins<br>- transformation bulletins<br>- up-to-date intranet information<br>- deployment brief & migration updates |

**Table 1. Stakeholder Analysis**

Previously it had proved difficult for the delivery teams (Company A) to identify appropriate contacts across the 150 sites as they were unfamiliar with the Company B's organizational set up. They had become frustrated by initiating contact with people who turned out not to have the relevant level of responsibility or knowledge or both. For example the delivery teams needed to contact various clients' locations to arrange site surveys and gather crucial data (e.g. to place equipment orders and schedule work). When contacting client sites, they were frequently faced with a lack of co-operation or a lack of willingness from client employees to take responsibility which the delivery team identified as a real issue that was prevalent across all regions. Formerly it had been a situation of the blind leading the blind. Since the Stakeholder Analysis and the identification of a core group of stakeholders these problems have significantly reduced. The delivery teams report that as they are now able to contact the right people the level of cooperation has greatly increased - a further real benefit to the project.

The Stakeholder Analysis established the level and necessary format of information required by the different groups. More importantly it identified that there was ultimately a need for different communication channels and mechanisms to fulfill these needs (Armstrong, 2008; Kochan and Rubinstein, 2000). Thus more formal communication mechanisms such as video and tele-conferencing, information seminars and weekly progress calls and so forth were introduced. Communication methods (products) fell into two categories, those relevant across all stakeholders and those specific to their roles and responsibilities. Thus, products of an appropriate format (regular weekly meetings, status reports, risks and actions log, presentations, transformation updates and so on) were instigated and occasioned in line with identified need (daily, weekly, monthly). In this way the original perception of fragmented and ad-hoc messages was replaced with an increased visibility of communications that resolved the former position of defensiveness held by Company B participants providing further benefit.

## CONCLUSIONS

Through this paper we have attempted to investigate and understand how poor and ineffective communications of an outsourced global transformation project led to misinterpretation of the project objectives causing confusion, resistance and a lack of co-operation. We further examined how the implementation of a Stakeholder Analysis was utilized to validate the audience and identify the differing and diverse information and communication needs that resolved many of the communication problems experienced. The primary research objective was to identify the success of the Stakeholder Analysis. Thus, we asked *'how validating the audience through the Stakeholder Analysis reduced the communication and cultural issues'*. In this way we aim to present a real world perspective on management of an outsourced global relationship to inform current and future practice.

The case study evidences that the ability of communication to influence people's moods and the way in which they co-operate and contribute to a project impacts directly on the outcome (Pinto and Slevin, 1988; Balogun and Hailey, 2004). The first tranche of data collection identified the need for the client to engage more cooperatively with the both the project and the stakeholders of Company A. The level of confusion and mis-interpretation experienced created 'noise' such that communications became distorted and the transfer of meaning interrupted (Armstrong, 2008; Fitzherbert, 1994). Thus we can say that communications were indeed ineffective and thus led to a degree of resistance.

Two levels of 'resistance' were identified firstly the acute lack of project awareness, a corollary of which was confusion over roles and responsibilities. Secondly, the poor perception of the project and lack of cooperation that was evidenced from the stakeholders of Company B to the delivery teams of Company A. We propose that this negative perception directly influenced the listening ability and/or willingness of the recipients to engage within the project.

### Stakeholder Analysis - Reduced Communication and Cultural Issues

The Stakeholder Analysis was instrumental in clarifying the 'right' participants, their information and communication needs, their roles and responsibilities and thus the appropriate communication levels (i.e. as a reviewer, an approver, to be consulted or informed) from the diverse pool of global stakeholders. It was evident for this research study that communication issues were compounded by a blend of both high and low contexts across the various regions. By identifying the correct recipients for messages through audience identification, future messages were targeted and disseminated with a cultural empathy that reduced former cultural barriers (Armstrong, 2008, Kakabadse et al., 2005). Feedback from stakeholders evidences that the identified cultural barriers had significantly reduced and that this had directly increased the listening ability and/or willingness of the recipients to engage with the project thus, raising awareness. An established programme of regional workshops aims to set the context for future messages and sustain the reduction in resistance previously experienced.

The transparency of the Stakeholder Analysis significantly empowered the stakeholders (Company B). It provided them with a feeling of being valued as stakeholders and a belief that their credibility was raised in the eyes of the delivery teams (Company A). The improved and more meaningful targeted communication exchanges led to higher levels of interaction and cooperation. Feedback from all stakeholders is now monitored and the project team has adopted the concept of continuous

improvement recognizing that when the message initiator gets it wrong or the recipient mis-interprets the message then they must adapt and change the mode (Bovee and Thill, 2000).

### Benefits Realized

It is evident that the implementation of a Stakeholder Analysis provided real benefits for the case study project by resolving some of the communication problems and lessening the cultural issues. For example, the identification of the core stakeholder group has enabled the delivery teams to access the right people and avoid unnecessary delay. In particular the delivery teams, previously frustrated by the lack of collaborative interaction, reported that now they were able to contact the right people avoid unnecessary delays, and that the level of cooperation has greatly increased.

The Stakeholder Analysis established that there was ultimately a need for different communication channels and mechanisms to fulfill the multiplicity of needs experienced (Armstrong, 2008; Kochan and Rubinstein, 2000). Table 2 below summerises needs identified by the Stakeholder Analysis and positions them alongside the benefits that were realized.

| **Realized Benefits to the Project** | | |
|---|---|---|
| | **Stakeholder Analysis Identified 'needs'** | **Benefit** |
| 1. | Identification and validation of the correct audience | • future messages are composed and disseminated more effectively.<br>• increased cultural empathy across the global context.<br>• reduced the previous barriers to communications . |
| 2. | Increased relevance of communications across different stakeholder groups | • resolved former the mis-information and confusion.<br>• increased engagement with the project<br>• lowered the former defensive stand . adopted by the clients. |
| 3. | Raised awareness of the project | • resolved a level of resistance<br>• cooperative working milieu. |
| 4. | Identification of roles and responsibilities | • knowledge of who to contact<br>• reducing frustration of delivery teams<br>• ability to progress through project lifecycle |

**Table 2. Benefits realized through the Stakeholder**

Clarification of the diverse needs across the different groups has empowered and encouraged participants, particularly those from high level cultures, and lessened their former reluctance to engage with people outside their familiar domain (Armstrong, 2008).

We believe that our findings are generalizable across other outsourcing projects particularly where different cultures are involved. The Stakeholder Analysis was instrumental in defining critical areas of responsibility providing a common understanding and clarity relevant to the majority of outsourced relationships.

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